

## How China's labor conditions stack up against those of other low-cost nations

### Sweatshops: A Global Comparison

As the world's biggest exporter to the U.S., China gets the most attention for sweatshop abuses. But violations of labor codes are common throughout the developing world. The most common types of violations, however, vary from country to country. Verité, an Amherst (Mass.)-based nonprofit that performs factory audits and labor research around the world, has amassed data on workplace conditions in 27 nations.

To get an idea of how China compares to other low-cost manufacturing havens, Verité rated the level of compliance on a scale of "poor" to "high" in six categories for BusinessWeek—child labor, forced labor, freedom of association, gender equality, health and safety, and hours and wages—in China and eight other developing nations. Below is a summary of the most serious problems in each nation:

(Note: The Verité ratings are countrywide and do not distinguish whether the offenses are common in export-oriented sectors. Verité's assessment takes into account both legal protections and on-the-ground conditions. Compliance was "poor" or "low" in most categories for the nine-country sample shown here. But with some, such as South Africa and Brazil, the main problems are in nonexport-oriented economic sectors such as construction and agriculture, rather than in export-oriented manufacturing plants.)

**CHINA:** Occupational safety, wages and hours, and freedom of association (the ability to organize an independent union) are the most common problems in export manufacturing factories. Excess overtime and underpayment for regular hours and overtime are especially frequent. There are no independent trade unions, and attempts to form independent organizations are swiftly repressed. Health and safety violations also are high, and especially serious in industries like construction and mining. In mining, the death rate is around 10 times that of the U.S.

**BRAZIL:** The biggest labor problems are forced labor, unequal pay for women, and occupational safety. Thousands of agricultural workers end up in virtual slavery through debt bondage, abduction, and other means. Women earn 54% to 67% of male counterparts. And work accidents are common in mining, logging, construction, and oil-refining sites.

**INDIA:** India also rates poor in occupational safety, overtime, and fair pay in export factories, and child labor is common in nonexport industries. In 2004, 60% of factories audited by Verité violated minimum-wage rules, and 83% violated overtime rules. Machine, chemical, and fire safety problems were found in most factories audited. Up to 65 million work in slavery or bondage, most of them from the Dalit caste. Some 100 million children ages 5 to 14 work, according to one estimate, and at least 12.6 million work full time.

**INDONESIA:** Compliance is weakest regarding child labor, occupational safety, and work hours and wages. Enforcement of minimum-wage rules is poor in export manufacturing factories, while occupation hazards are especially high in mining and fishing. Millions of children work in construction, fishing, and mining, as well as in domestic service and other informal-sector activities.

**MEXICO:** A chief problem in export factories is freedom of association. About one-quarter of workers in the formal sector belong to unions. But forming an independent union is difficult—organizers often are fired and sometimes assaulted. Sweatshop conditions persist in many export assembly plants near the U.S. border and elsewhere in the country. Verité audits have detected high rates of discrimination based on pregnancy status. Child labor in the nonexport-oriented economy is common.

**PERU:** While compliance with freedom of association, occupational safety, and forced labor rules is "moderate," Peru rates "poor" in compliance with wage and overtime standards. An estimated 21% of workers earn less than minimum wage, and violations are much greater among temporary workers, who make up a significant portion of the workforce. Mandatory overtime is common in both the public and private sectors.

**PHILIPPINES:** Minimum-wage, overtime, and gender-discrimination offenses are common in export sectors, while child labor and occupational safety are widespread in nonexport-oriented economic sectors. More than one-third of garment factories violate wage and work-hour rules, according to one study. Many employers avoid paying minimum wage by

exploiting government exemptions for "apprentices" and companies employing less than 10 workers. An estimated 4 million children ages 5 to 17 work—more than half of them in hazardous conditions. Women average half the pay of men.

**SOUTH AFRICA:** Compliance is "moderate" in terms of freedom of association, but "poor" in child labor, occupational safety, and hours and wages. An estimated 36% of children work in nonexport-oriented sectors such as agriculture, cleaning, and family business. Overtime and safety violations are common in agriculture.

**SRI LANKA:** Violations of health and safety, overtime, and wage rules are especially serious. Verité found safety violations in most factories audited in 2003 and 2004, including blocked exits, excessive noise, and lack of personal protection. Another study found 60% of grain and spice mill workers lost fingers in work-related accidents and/or contracted skin diseases. Forced overtime, compulsory work on Sundays and holidays, and underpayment of wages are reportedly common.